



# New York State Business Incubator and Innovation Hot Spot Support Program

# 2013 State of the State Address

- “The knowledge-based economy and global competition make it more important than ever that New York State becomes the leader in innovation and new business creation.”
- “Incubators will help to foster innovation by offering inventors and entrepreneurs a low-cost and supportive environment in which to work.”

*Gov. Andrew M. Cuomo*

# 2013-14 Enacted State Budget

- Included \$1.25 million in funding for designated “Business Incubators” and “Innovation Hot Spots”
- Established minimum criteria for each designation.
- Identified additional “programs, services and attributes” which may be considered in making designations.

# Program Goals

- Improve the quality and quantity of incubator services provided to young companies thereby enabling these businesses to successfully transition from their start up phase to large scale commercialization of their products and services.
- More effectively harness our innovation assets and better serve inventors and entrepreneurs.

# Award Process

- Empire State Development is administering the competitive process for designation under this program.
- Applications will be received and reviewed through the Consolidated Funding Application (CFA) process by both the Regional Councils and ESD.

# Business Incubator Designation

- An entity wishing to be designated as a New York State designated Business Incubator must currently be providing a business incubation program which has been in existence for three years.
- Applicants must provide a strategic plan for their incubator and its operations and demonstrate that their services align with industry best practices.
- Applicants must also agree to expand the services they provide to their tenant clients and demonstrate a 2:1 match of state funds.
- An entity may act as a lead entity and apply for designation in partnership with other incubators in the region.

# Innovation Hot Spot Designation

- An entity seeking designation as a New York State Innovation Hot Spot must meet the requirements of a Business Incubator:
  - been in existence for three years
  - provide a strategic plan
  - demonstrate that their services align with industry best practices.
  - agree to expand the services
  - demonstrate a 2:1 match of state funds

## **IN ADDITION:**

- All applicants must be affiliated with one or *more* colleges, universities or independent research institutions.
- An entity may act as a lead entity and apply for designation in partnership with other incubators in the region.

# Hot Spot Tax Benefits

- Eligible companies within an Innovation Hot Spots will be eligible for significant tax benefits for a period of five years, including:
  - Being subject only to a fix dollar minimum tax or able to deduct income attributable to operations as part of a Hot Spot
  - Receiving credit or refund for sales tax on related goods and services

# FUNDING

- Successful applicants will be awarded operating grants to expand the services and programs provided to start-up companies served by the incubator.
- Up to \$125,000 will be provided annually to entities designated as a New York State Business Incubator.
  - Ten awards are anticipated in this category for CFA Round Three funding (2013).
- Up to \$250,000 will be provided annually to entities designated as a New York State Innovation Hot Spot.
  - ESD is limited by statute to designating no more than five Hot Spots in fiscal 2013-14 with an additional five Hot Spots to be designated in fiscal 2014-15.

# Successful Applicants Must:

- Be located in New York State
- Have operated an incubator for the last three years
- Have a demonstrated link to regional sources of innovation and expertise
- Commit to financially and programmatically maintain the incubator for three years from date of designation
- Commit to best practices of incubation
- Provide a strategic plan that describes how it intends to positively impact the regional entrepreneurial environment

# Successful Applicants Must:

- Detail the process it uses to accelerate the development and commercialization of its clients products and services
- Expand those services in scope or provide new services
- Provide leadership in the growth of the region's entrepreneurial and innovation network
- Provide a 2:1 match of the grant funds it receives for the operation of the incubator
- Submit data as required by ESD on the operations and performance of the incubator, including a list of business enterprises currently being served by the incubator

# Best Practices – Requirement of Designation

- What constitutes “Best Practices”?
- ESD consulted with BIANY and NBIA on this
- “Best Practice” incubators are those that provide a majority of these programs, services or benefits:
- An integrated array of services for start-up firms
- Opportunities for clients to network and collaborate with other business services
- Access to capital via referral to financial institutions, venture capitalists, angel investors and other sources
- Aid in accessing markets
- Physical, laboratory and/or manufacturing space
- Criteria for acceptance and graduation from the program

# Best Practices -- Continued

- Financial support from sources other than tenants, the sponsoring entity or New York State governmental agencies
- Participation by an independent advisory council or similar body
- Expertise from a professional management and service delivery team
- Access by clients to mentoring, advisory or educational services

# Selection Criteria

**Applications will be evaluated and judged using the following criteria:**

- Alignment with regional strategies, priorities, assets and opportunities
- The additional resources which will be leveraged by state grant assistance
- The number of clients served
- Demonstrated success in graduating clients from the incubator
- Type and quality of services provided
- How well the services and programs offered by the incubator conform to best practices
- Effectiveness in accelerating the growth of start-up companies
- The financial and programmatic support of the institution or communities it serves
- Commitment and support of the business sector
- Demonstrated commitment to growing the entrepreneurial and innovation network

# Scoring

- **Alignment with Regional Strategy and Priorities (20 percent)**
  - How well does the application meet the strategies and priorities identified in the Regional Council Strategic Plan?
- **Incubation Community Best Practices (15 percent)**
  - How well do the services and programs offered by the incubator conform to best practices within the Incubator Community?
- **Incubation Effectiveness (15 percent)**
  - What is the track record of the incubator in accelerating growth of start-ups?
- **Expansion of Services (20 percent)**
  - What new or expanded programs or services will be provided to start-up companies within the region as are result of the grant funding? Does this application involve a partnership with other incubators in the region?
- **Financial Soundness and Sustainability (10 percent)**
  - Does the applicant's operating budget demonstrate financial soundness and strength?
- **Regional Incubator Leadership Assistance (20 percent)**
  - How does the applicant propose to assist in the growth of the region's entrepreneurial and innovation network?

# Questions to discuss

- How well does your organization conform to the best practices as defined by the National Business Incubator Association (NBIA) and other organizations representing incubators? Please take the self-assessment test from NBIA at:  
[http://www.nbia.org/resource\\_library/peer/benchmark/index.php](http://www.nbia.org/resource_library/peer/benchmark/index.php)
- Does the incubator's operating budget demonstrate financial soundness and strength?
- Is your application being done in partnership with other incubators in the region. If so, please list partner incubators and attach letters of participation by such incubators.
- How well does the application meet the strategies and priorities identified in the Regional Council Strategic Plan?
- What new or expanded programs or services will be provided to start-up companies within the region as a result of the grant funding? Please provide a brief breakout of how the State funds will be used if awarded.
- What is your demonstrated ability to successfully transition technology from a college, university or research laboratory to the marketplace?

# Important Dates To Remember

- June 17, 2013 – Application portal goes live
- August 12, 2013 4PM EST – Application Deadline
- Review process will commence immediately after deadline
- Awards expected to be announced in the 4<sup>th</sup> quarter of 2013

# Where to Apply

<http://regionalcouncils.ny.gov/>

New York State State Agencies Search all of NY.gov

Search Contact

**The New NY WORKS** for Business

**REGIONAL ECONOMIC DEVELOPMENT COUNCILS**

Consolidated Funding Application CFA Project Info

HOME REGIONAL COUNCILS MEDIA FAQs MAP 2012 Archived Materials 2011 Archived Materials

Regional Economic Development Councils Round 3 Presentation

Regional Councils



2013 Regional Council Guidebook CFA Resource Manual

CFA Application Guide

Suggestions

Links to  
application  
and guide &  
questions



# Thank You!

## Any Comments Question or Concerns?

Contact Name:

Michael Ridley, NYSTAR

Director of Business Development

518-292-5707

[mridley@esd.ny.gov](mailto:mridley@esd.ny.gov)